

Mr. Eichenholz, Vol. 200.
TO: [REDACTED]
FROM: [REDACTED]
SUBJECT: [REDACTED]
(Duration, not Name)

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January 5, 1945

Replies for the files:

Subject: Compensation with Willy Schleicher

Willy Schleicher of the Wall Street Journal: I contacted the Chancellor on January 4, 1945, and I had a conference with him this afternoon. The following points were agreed upon:

Schleicher is of the opinion that the present existing policy is not good enough and it is set to be greatly modified in February. In this connection he put into effect a general steel and coal ban, which has been effective since the last time at the beginning of January. This will be followed by a call for factories which produce coal, iron and steel to create a collective market and agree to sell their products at a price determined by the government directly. A large part of the economy is now controlled by the government.

One of the reasons under dictation of this document was the request of the Federal Government that the government be given the right to fix the prices of coal and steel.

The result of this policy has been to create an artificial price relation to the ratio between the basic price of steel and the price of coal.

When the Federal Government informed him that he could not control the price of steel, Federal Economics informed the Chancellor that within a fairly short time, given the present price, the market could stabilize and the price of steel in the future would be determined by the market's operations or the market, would fall. Because of the continued rise of the price of steel this did not and has not occurred. The ship builders appealed to the Chancellor and protested that the price of steel, particularly heavy ship plate, was too high, Edward was called up the carpet and asked to produce.

Schleicher describes the relationship of Edward to the Chancellor as one of a nervous corporal to an old, tough and overbearing top-the-state. He said that when he was in Edward's office a short time ago and when a call came for the Chancellor to attend a meeting, Edward took out a cold sweat and it was no longer possible to discuss matters with him because his entire attention became immediately devoted to trying to find out what the Chancellor wanted in an attempt to get himself released before he was called before the presence. In any case Edward's recent statements that the price of steel would fall in the near future were not based on economic reasoning but were attempts to prove himself right. The publications have not had a significant effect on the price of steel because costs are still high but have resulted in a decided falling off in sales.

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